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Selection of Pilot Municipality-Greater Amman Area

Final Report

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Abstract

This report describes the process of selecting a pilot municipality in Greater Amman Area for the implementation of a Pilot Business Process Re-engineering (BPR) project. The selection criteria were applied to the Municipalities of Khalda and Wadiseer, which were both nominated by MoGA. The assessment of both municipalities using the mentioned criteria led to the selection of the Municipality of Wadiseer because of its higher level of readiness and the expected better impact of implementing the pilot project in its area.

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Executive Summary

This report describes the process of selecting a pilot municipality in Greater Amman Area for the implementation of a Pilot Business Process Re-engineering (BPR) project. The primary objective behind this project is to measurably reduce compliance and administration costs for selected business processes at the selected municipality, which shall serve as a model that can be applied in other municipalities within the Greater Amman Area.

The criteria for selecting the municipality were developed by Al Jidara and AMIR multi-initiative BPR Taskforce and approved by the Municipality of Greater Amman (MoGA). The selection criteria were applied to the Municipalities of Khalda and Wadiseer, which were both nominated by MoGA. The assessment of both municipalities using the mentioned criteria led to the selection of the Municipality of Wadiseer because of its higher level of readiness and the expected better impact of implementing the pilot project in its area.

1 Background

Several AMIR studies identified that the existing business licensing and permitting practices are unnecessarily costly to investors seeking to establish new businesses in Jordan.[1] As such, the current activity on business process reengineering (BPR) proposes to implement a pilot project in two municipalities in order to develop a model licensing/permitting process that can be applied to other municipalities in the Kingdom. The pilot will seek to simplify the fulfillment of existing legal requirements.[2]

The pilot project aims to prove the feasibility of improvements/changes proposed by BPR. This report highlights the criteria and assessment approach to selecting the pilot municipality within Greater Amman Area to undergo the BPR. Another assessment will be completed for selecting a pilot municipality out of GAM.

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[1]See the following papers:

Concepts for the AMIR Program's Pilot Municipality Business Process Re-engineering, Micro-Enterprise Initiative *(MEI)*, October 2002.

 Microinvestor Roadmap Phase I – Outline of Microenterprise Registration and Licensing Process, prepared by Suhair Khatib and Andrew Baird for MEI, AMIR Program, February 2002.

Entrepreneur Roadmap Phase II – Validation of Phase I Findings, prepared by Suhair Khatib and Andrew Baird for MEI, AMIR Program, May 2002.

Microentrepeneur Roadmap Focus Groups, prepared by CDG for MEI, AMIR Program, May 2002.

Business Process Reengineering: Company Controller Directorate & Company Registry Directorate, Phase 1 - Project Design Proposal, prepared by James Reynold for AMIR Program, December 2002.

Investor Roadmap, prepared by TSG for Private Sector Policy Initiative, AMIR Program, October 2002 – see especially Chapter 3 'Reporting'.

Business Licensing, IBLAW Presentation, June 1999.

[2] See *Municipal Licensing Pilot Project Concept Paper* prepared by MEI, PSPI, and the Information and Communications Technology Initiative (ICTI) of the AMIR Program and Al-Jidara, consortium member of the AMIR Program.

2.   Evaluation Process

The selection of the pilot municipalities is important for the success of the pilot BPR project for municipalities. This step is essential to ensure that municipality staff is sufficiently motivated and that the municipality itself is visible and ready to be a role model for other municipalities in improving the licensing system.

The criteria for selecting pilot municipalities are based on the following drivers:

➢ Consistency with Jordan's economic and social priorities.
➢ Impact (how many businesses it affects),
➢ Readiness (municipal capacity in terms of staffing skills, IT capacity, quality concern, etc).

2.1 Evaluation Criteria

Based on the objectives mentioned above, the criteria for evaluating the municipalities is broken down as described below.

2.1.1 Consistency with Jordan's Economic and Social Priorities

This factor is neutralized due to the fact that the social and economic effects are similar for all municipalities within Amman. However, this factor will be taken into consideration when selecting the pilot municipality outside Amman.

2.1.2 Impact of Municipality

1.   Processed licenses, in terms of volume and annual revenue generated for licensing.
2. Potential for growth, based on historical growth for the previous two to three years and available unutilized areas that are expected to witness business investments.
3. Variety of licenses, in terms of providing commercial and/or industrial licenses, as well to the diversity of the business size in that area.
4. Estimated number of unlicensed (informal) business entities. The BPR project aims to simplify the licensing process that will motivate unlicensed business entities to acquire licenses easily.

2.1.3 Readiness of Municipality

1.   Employee readiness: willingness of municipality staff to work and improve current practices, in addition   to their motivation and involvement in other initiatives like King Abdullah Award for Excellence.
2. Municipality management buy-in: willingness to support the pilot project and empower improvements.
3. Clearness of processes: in terms of existing documentation for the current processes in conjunction with the staff awareness and implementation of the documented processes.
4. A preliminary IT infrastructure: a detailed e-readiness assessment of the selected municipality will take place at later stage of this pilot project as stated in the Concept Paper.

2.2 Nominated Municipalities

The municipalities of Khalda and Wadiseer were nominated by MoGA due to several factors. Three years ago Khalda Municipality within Greater Amman Area was the first to gain ISO9000 certification. A year later Wadiseer Municipality followed its lead and acquired the certificate. These achievements have resulted in having enhanced and mature processes compared with other municipalities that were not involved in similar pilot initiatives.

In addition, both municipalities cover areas that witnessed a rapid increase in establishing new businesses with a considerable variety in their types. Moreover, both municipalities are from the top five municipalities within Greater Amman in terms of processed transactions as well as revenue contribution. An important factor that was taken into consideration in the nomination process was to exclude municipalities with limited potential of growth as it is either not attractive to businesses or it is currently saturated.

3   Assessment Results

3.1   Assessment of Nominated Municipalities

The assessment is based on several field visits and discussions with the management and staff of the nominated municipalities on Wednesday and Thursday, October 8 and 9, 2003, as well as through analyzing the collected relevant statistics from MoGA.
The assessment revealed the following:

Area of Comparison	Municipality of Wadiseer[3]	Municipality of Khalda	Comments
Impact			
Volume of Licenses	Total professional Licenses is 5,833 As of Oct 7, 2003	Total professional Licenses is 5,089 As of Oct 7, 2003	Both municipalities have almost same number of professional licenses.
Annual Revenue	JD 469,913 As of Oct 7, 2003	JD 517,346 As of Oct 7, 2003	Both municipalities have almost similar revenue generated by professional licenses.
Potential for Growth (Percentage increase in professional licenses)	1.89% increase Dec 2002 - Oct 2003	1.05% increase Dec 2002 - Oct 2002	Although both municipalities have similar growth rates, Municipality of Wadiseer is distinguished with a higher potential of growth due to the availability of newly developed and vacant spaces.
Variety of Licenses	Technical + Industrial mainly	Commercial mainly	Municipality of Wadiseer enjoys the presence of a wider variety of professional licenses that include both commercial and industrial licenses; on the other hand, the professional licenses at the Municipality of Khalda are mostly commercial.
Unlicensed (informal) Businesses (Estimated)	Oct, 2003: 379 Dec, 2003: 369	Oct, 2003: 169 Dec, 2003: 270	Data represent the inspected formal unlicensed businesses revealed by MoGA statistics. However, it does not represent the actual size of informal businesses.
General Comments	Both municipalities have almost similar geographical coverage. The Municipality of Wadiseer covers a larger variety of businesses/ activities sizes compared with the Municipality of Khalda.		
2. Readiness			
Employees readiness and willingness to work and change	-	-	Municipality of Wadiseer was selected to compete for King Abdullah Award for Excellence which reflected on the staff motivation and willingness to improve.
Management buy-in	-	-	Both Municipalities showed an adequate cooperation- on the management and staff level- and willingness to simplify and improve the systems in place.
Clearness of processes	ISO9000 certified	ISO9000 certified	Both municipalities successfully implemented ISO 9000 system that led to a relatively mature process and similar level of implementation.
IT infrastructure	-	-	Acceptable level of IT awareness

[3]Source: MoGA Statistics

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			exists in both municipalities in terms of knowledge. However, all municipalities within the Greater Amman Area have the same IT infrastructure, which neutralizes this element.
General Comments	Maintenance work is taking place at Municipality of Khalda, and is expected to last for a couple of weeks; this might affect the project work plan.		

3.2 Recommendation

Based on the above assessment results, it is recommended to select the Municipality of Wadiseer for the Municipal BPR Licensing Pilot Project.

This recommendation was discussed with/approved by MoGA officials on Thursday October 9, 2003. It was also agreed to hold a kick-off meeting with the selected pilot municipality, Wadiseer, on Monday, October 13, 2003.